

FINANCIAL REFORM IMPERATIVE:

OR,

REMARKS

RELATIVE TO THE POSSIBILITY

OF AN

EQUITABLE ADJUSTMENT

OF THE

NATIONAL DEBT.

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FINANCIAL REFORM IMPERATIVE.

"This is the age of Practical Legislation."

"No Administration can hereafter maintain its position, unless it be based upon Popular Support.

"Henceforth the welfare of the Nation must be the primary object of all Government.

"Taxes to be just must be voluntary and equal, and also beneficial to those who pay them; and unless applied to the purposes for which they are raised, are worse than injurious."

SUCH were the sentiments lately promulgated from the hustings by rising statesmen of the present generation, who having, for the first time, placed their feet upon the ladder of power, appealed to their constituents to replace them in their Parliamentary positions. Surveying these important declarations, and the remarkable occurrences of the last few years, from a common point of view, it would seem that just and equitable principles of Government are daily becoming more lucid and more recognized. National Rights—National Wrongs—and National Remedies, are being investigated in a most rigid yet sober spirit. Increased education, expanded intellect, and moral principles, are all called upon to furnish severe tests as to the justice and expediency of our various Institutions. Clearer

perceptions of National Rights are daily manifested—National Wrongs are being severely scrutinized, and indignantly reprobated—while National Remedies, either for National Rights withheld, or National Wrongs unredressed, are propounded and listened to, both in and out of Parliament, without, as heretofore, the originators thereof being prosecuted for sedition or treason.

Hitherto the sweets of administration have been the object and reward of party warfare. Two antagonist parties have made the exigencies of the people their nominal battle ground—the one seeking to maintain itself by standing on the past, the other by professing to look to the future. Both these classes of opinions have however been used rather as party ensigus, under which adherents might gather, than true and heart-felt principles intended to be abided by. These party conflicts have had a two-fold operation; one tendency being to create facilities for trampling upon public rights, and augmenting the national burdens; another to pave the way for the resumption by the Nation of the conduct of its own affairs. The working of these opposite elements has been, on the one hand, to accumulate a vast variety of separate and clashing class interest, and to have fixed upon the present generation a National Debt of the most startling and unjust extent; and, on the other, to develope the popular strength, and to point inquiry towards the present position of the country, as well as its hopes and fears for the future.

Under the stimulus of these party conflicts, the march of events led to Catholic Emancipation, the Reform Act, and other similar measures, the chief value of which has been, by confusing and embarrassing party motives, to strengthen popular tendencies, to encourage attacks upon class interests, and to prepare the way for an utter dislocation of those servile feelings which have hitherto bound a man to his party, whatever that might be, and however contrary its rules of action to his own awakened convictions.

The most genial promoter, however, of these new sentiments has unquestionably been the Reform Act; under its impulses popular opinion began to acquire breadth, direction, and vigour; and a series of well-conceived aggressions were boldly commenced against various grievances. The Law—the Church—the Body Politic, in its various fiscal and other domestic relations—and the Colonies, all felt that a new spirit was abroad, waving its wings

over all things, and making mighty changes in the views and opinions of the nation at large.

In the midst of the discord engendered by these assaults upon what were termed vested (while admitted to be unjust and injurious) interests, two remarkable men entered the political arena as the champions and representatives of the antagonist principles of Protection and Free Trade in corn. It is, however, to be borne in mind that each of these terms involves far deeper consequences than the mere abolition or retention of a duty on grain: in fact, Free Trade may be considered as the banner under which the war against injurious class interests is carried on. It symbolizes the destruction of unjust burdens or restrictions; it advocates impartial taxation, and tends to the redress of public wrongs, and the application of national means to national purposes. Protection, on the other hand, has hitherto *practically* been but another name for perpetuating the follies, crimes, or mistakes of past generations.

Of the two men before adverted to, SIR ROBERT PEEL stood forth to the world as the ardent adorer of Protection. Free Trade was represented by Mr. COBDEN; but except that each was the Champion of the principle he represented, no two men were more dissimilar in position, character, or opportunity.

Sir Robert Peel possessed every advantage; cradled in affluence, endowed with fine talents and vigorous health, a carefully conducted education paved his way to a brilliant University career, which ushered him into political life with great éclat when almost a beardless boy. Surrounded by these advantages, accompanied with great mental vigour, he, while but a young man, became a master in oratory; and amid the conflict of party, and the whirlwind of parliamentary strife, acquired the calmness, experience, and tact of a veteran statesman, and as time rolled on, his pre-eminence was gradually felt and acknowledged. His consummate reconstruction of the Conservative Party, when almost annihilated under the storm blow of the Reform Act, placed him the unquestioned leader of a powerful band, which, under the standard of Protection Doctrines, drove its nominal opponents from the high places of power, and assumed the reins of Government. From that time to the end of 1845, Sir Robert's will was law, and his law supreme—by him men were made to shamefully renounce the principles they had so long contended for; those who

dared to differ were withered out of place and power, and his position was apparently builded on a rock. Such was Peel. Now contrast him with his rival.

In the year 1840, a small black cloud, no bigger than a man's hand, appeared in the political horizon. It consisted of a few Provincial Traders, who, quickened by a sense of national wrongs, which operated upon them prejudicially as individuals, had banded themselves together to devise an efficient remedy. Now these men had never been trained for political warfare. Immersed in their various occupations, the conviction that great public wrongs were systematically perpetrated, broke slowly upon their minds—but though slow, it was progressive—and though it was gradual, it was clear. Community of thought engendered unity of purpose and combination of action; and at length the Anti-Corn Law League came into definite being. Apparently, however, no undertaking could be more forlorn or hopeless. Power—Place—the Press—consummate tact, great talents, and a thorough knowledge of all the arts of manœuvring, were the acknowledged attributes of the opponents of the League. To counteract these vast advantages, the conductors of the League had only to offer uncultivated abilities, sound sense of the first order, a righteous cause, unconquerable perseverance, and indomitable ardour.—Foremost in the possession of these great qualities stood Richard Cobden, the leader of the League, who from a farmer's boy had become a calico printer, and no doubt in the steps from the one to the other, had acquired the seeds of that knowledge which he afterwards used with such great success. Till this period however he had lived on “in the even tenor of his way,” unheard of and unknown, except in his own immediate circle of friendship or business.

As the League progressed Mr. Cobden's talents were elicited and matured. His vigorous eloquence breathed conviction into men's minds. From narrow circles his hearers increased to crowded multitudes, in whose presence he upheld the doctrines of Free Trade, annihilated the facts of opponents, and exposed the fallacy of their arguments, cut the ground from under their position, and pointed the public mind to a sense of the justice of his demands. From being the most despised of all associations, the League grew to be a “great fact,” returned members to Parliament, collected vast pecuniary funds, and prepared for *organic changes*. Mean-

while Richard Cobden, transferred from the arena of public discussion to the floor of the House of Commons, rose with the occasion. His fiery, yet not ungraceful eloquence, his wonderful method, his untiring energy, his concise reasoning, the correctness of his statistics, his unanswerable deductions, and his innumerable facts, all evinced a master mind of the first order. Taking but little heed of the minor victories that almost daily added to his laurels, Mr. Cobden, as if a disdainful antagonist, advanced to the attack of the powerful Premier, shivered his plausibilities, overwhelmed him with defeat, opened a new world to his understanding, and appalled him by displaying the power of the League; until, to the utter astonishment of both supporters and opponents, the great Minister suddenly renounced the friends and opinions of thirty years standing, avowed his conversion to Cobden's principles, and while England, nay, the whole world, were astounded at his proceedings, propounded and carried a measure for the total abolition of the Corn Laws, and then renounced the rod of government to his old whig opponents, who thus attained power through the medium of the League—which having attained its object, dissolved itself, and became one of the things that were.

By a singular coincidence, both these eminent men withdrew themselves from the arena of political strife, not, it is to be understood, entirely—but the one for the purpose of preparing for a nobler position—the other to consider the past, and reconstruct for the future. And now what will be the future career of each of these able men, is a great political problem.

The motive for the line of conduct hitherto pursued by Sir Robert Peel is almost inscrutable, and certainly no adequate solution of it has yet been offered, but its tendency has undoubtedly been to break up parties into clans. There are, however, really but two points of view from which his conversion or perversion can be observed—either it was conscientious, or resulted from the most profound dissimulation. If the former be the case, the conviction forces itself upon the mind that a statesman, who for thirty years could avow and act upon clearly defined principles, and, in consequence, gather round him a numerous party entertaining similar opinions, and by their means raise himself to almost absolute political power, and then suddenly upon an impulse, conscientious though it may have been, cast to the winds the consistency and friends of many

years, and league himself with their most bitter opponents, is not a safe guide for a great nation. If, on the other hand, his conversion was not conscientious, no apology can expiate his conduct. And in either case the conclusion is irresistible, that as a leader, or an ally, he is equally to be watched. Nor is he, prostrate and indifferent as he at present appears, to be treated as an extinct danger; for, doubtless, his vigorous talents, his habits of public life, his ambitious propensities and consummate tact, will compel him to re-appear, and construct new combinations.

Simultaneously with the re-accession of the Whigs to power, occurred a series of events calculated greatly to embarrass any Administration, much more so vacillating a one as they have hitherto proved themselves.

The years 1845, 1846, and 1847, will be memorable in history on many grounds, exclusive of the events that have been adverted to. The first of these years witnessed a movement of unparalleled magnitude, both as regards the vast amount of national energy called forth by it, and its future bearings upon social improvements. Unquestionably the Railway movement was gigantic in its growth, while it is equally certain that the check upon its progress has generated much individual disaster, caused by the sudden revulsion which took place at the close of the year, and has scarcely yet subsided.

The year 1846 will be equally celebrated. By a mysterious visitation, which had been partially developed in 1845, the country was placed upon the verge of famine, from which it was only rescued at an enormous sacrifice of its gold, while millions of the inhabitants of the Sister Isle only escaped actual starvation by being placed upon charitable rations, the means for which were chiefly provided by the people of Great Britain, through the medium of a loan, entailing upon themselves a large annual addition to their already frightful burthens.

The year 1847 will also possess a sad celebrity. It has witnessed a marvellous extent of monetary disarrangement, and a most severe depreciation of every species of marketable property; and, as a necessary consequence, commercial failures, unparalleled in number, weight, and variety, have already ensued, and it is feared are not yet terminated.

Many other remarkable circumstances that might be separately

expatiated at much length, are now only adverted to, though all are gradually telling with slow but certain effect upon the future position of society at large. The formal recognition of Free Trade, as an element of Government—the curious conversions that preceded its adoption—the foul intrigues of the Spanish Marriages—the annexion of Cracow—the approaching Cholera—the outburst of Italian independence—Irish misery and Irish crime—the Episcopal farces—will all be recorded as features of the times, and as steps in the march of events, which will, perhaps ere long, convulse society.

In the midst of these accumulated and portentous disasters, the New Parliament has been convened, and the first sounds ringing in the ears of its members are “Commercial Distress,” “Irish Crime,” “Sanitary Reform,” and the “Amelioration of the Navigation Laws.” Doubtless they are important questions, and well adapted to excite much attention in the minds of members; but, nevertheless, the Fiscal Relations of the empire, Church Reform, the improvement of Juridical Institutions, and the Reduction of the National Burthens, are, at least, as important, and will in due season attract to themselves a much larger share of attention. In fact, there is evidently a rising and strengthening public conviction, that all reforms to be satisfactory must be substantial, and that shadowy questions thrown out, like the tub to a whale, to divert attention from more serious objects, will ere long be found totally unavailing to obstruct the march of events.

Most prominent among the various important subjects to which, in all probability, public attention will before long particularly point, is that of the Public Burthens, which, however, it is impossible can ever be satisfactorily adjusted until that great evil, the National Debt, has been re-modelled. And this at once leads to the principal object of these observations; that is, the consideration of a mode for its gradual, yet effective and equitable extinction.

The National Debt is admitted to be a national evil of the first magnitude; involving, as it of necessity does, the imposition of taxes to an enormous extent; amounting, with the expences of collection and incidental waste, to about thirty millions sterling per annum.

The policy or necessity of the Debt, as regards its original con-

traction, cannot now be discussed. It may, however, be laid down as a fair position, that, as the industry of the Nation was in effect mortgaged in perpetuity by one generation under the force of Legislative enactments, future generations have a right, if they can so obtain it, to relief through the same medium,

The moral position of the Debt will, perhaps, be better put by the following illustration :—

A, (the Nation, as represented by the Administration for the time being,) being in difficulties, applies to B, (the Original Contractors for the Loan,) to advance him, say £100, which he agrees to do upon condition that A and his descendants pay to B and his descendants, or their nominees, £3. per annum for ever; and an Act of Parliament, charging A and his issue, is accordingly obtained. Subsequently A dies; without having left any adequate provision for discharging his debts; but, nevertheless, his descendants, generation after generation, are compelled, *out of the fruits of their labour*, to continue the payment of such £3., until, finding it to be an embarrassing and unjust, if not intolerable hardship, they seek redress by the channel through which it was inflicted. In the meanwhile, however, the Annuity in question, having for valuable consideration, passed into other hands, the difficulty occurs of how the legal and equitable rights of the one class are to be reconciled with the moral and equally equitable rights of the other.

This is precisely the relation of the public creditors, and the people who are the tax payers providing the interest of the Debt—the Government for the time, being as it were, the natural Trustees of, and arbitrators between, these apparently incompatible interests.

Now it is suggested that this difficulty may be overcome by bringing into action an entirely new principle, whereby perfect justice would be done between all parties, which is,

To gradually convert the National Debt into Terminable Annuities, under the direction of the Government for the time being.

To effect this, it is suggested that an Act of Parliament be obtained, either authorizing the creation of an entirely new and responsible Board specially for the purpose, or extending the powers of the present Commissioners for the reduction of the National Debt, and empowering such Board to purchase Consols and other permanent Stock in the market, and re-issue the same in

the shape of Terminable Annuities, equivalent in amount to the annual interest of the Stock so purchased and converted.

It may here be noticed, that Long Annuities already form a considerable portion of the Debt, and have always been as marketable as Consols or any other permanent Stock, to which in fact, they have always adjusted themselves.

Three conditions are essential to any proposal for the extinction of the National Debt, viz. it must be just, expedient, and practicable; and to unite these important requisites is the great problem.

With regard to the justice of the Debt being extinguished, the preceding observations, as to the relative position of the fundholder and the tax payer, sufficiently establish that point. And with respect to its expediency, there will not, it is apprehended, be two opinions upon that head, if the practicability on the one hand, and the equity on the other, meet on any proposition upon the subject. Undoubtedly there are parties in the State anxious to retain the National Debt, as a check upon any popular movement; but this selfish reasoning is a part of the old doctrine, that men are to be governed by the strong arm, rather than from the dictates of reason. Thus though prudential motives are entitled to consideration, obviously the chief difficulty is in the practical application of the various means proposed. Of these, many would be found either unjust or too violent—others too complicated or insufficient—while some may be so clouded or circumscribed, as to render their adaptation impracticable, or the result uncertain.

It was the fashion some time since to consider the Debt as a positive advantage, because it was esteemed as affording an opening for the surplus capital of the country; but this great fallacy is now becoming exploded, and men no longer anticipate with satisfaction investing their real capital in an imaginary substance, good and valuable, in point of credit, as the security may be, especially as numerous other sources of investment, consisting of actual and positive capital, are now open to receive savings.

Taking all circumstances into consideration, it is submitted that the mode before suggested, for the gradual extinction of the Debt, by converting it into terminable annuities, is upon the whole best calculated to effect the object in view, for the following among other equally palpable reasons.

1st. Its justice is unquestionable.

2nd. Its *modus operandi* would be simple and inexpensive.

3rd. The machinery for carrying it out already exists.

4th. It would not disturb the monetary relations of the country, and it might be wielded according to prudential circumstances.

5th. Its progress would be sure and gradual. And

6th. It would not militate against the rights of property.

The first reason has already been touched upon.

The 2nd and 3rd, 4th and 5th, may be concisely considered together. The present Board of Commissioners for the Reduction of the National Debt, with such additions as might be deemed requisite, are obviously the proper medium. Let then their officers, or agents, purchase in the market Consols or other Stock, and re-issue them in the shape of Terminable Annuities. Thus, taking Consols at £90, the Board would purchase them at that price, and re-issue the £100 Stock so purchased as an Annuity of £3, for say from 30 to 33 years, or even more. Suppose they were even re-issued at 40 or 60 years purchase, it is obvious that the public would be the gainers, because for every £100 so converted, a certainty of getting ultimately rid of it would exist, whereas under the present system it remains an eternal and almost intolerable burden.

In private affairs of society, transactions having relation to, or extending over a far greater period of time, are being daily entered into. And it must, it is considered, be beyond any doubt that such a prospect as the Gradual Extinction of the Debt, even though its first benefits would not accrue till 40 years hence, would vastly stimulate the energies of the country, and break up the national apathy which has been engendered by over and unjust taxation, and thus open new sources of national advantage in Colonies, Commerce, and the Arts of life.

The annual amount of taxes collected may be estimated at near fifty millions. Now though this amount is virtually mortgaged in anticipation, there is no doubt that arrangements might easily be made for the passing of a portion of this through the Board before adverted to, and it is calculated that from ten to twenty millions per annum of fixed Stock, at the least, might be gradually converted into Terminable Annuities, in the mode before mentioned, without, it is apprehended, the monetary affairs of the country being in the

least degree deranged ; and these newly-created Annuities would become just as much the subject of commercial transactions, as leasehold property which has thirty or forty years to run.

Had such a principle been adopted at the termination of the war in 1815, and only fifteen millions per annum been so converted, £500,000 of taxes could now be annually remitted, so that in eight or ten years hence, or less, a gross sum of near thirty millions of taxes would come off, exclusive of future reductions.

Supposing such a principle were now to be adopted, there seems every ground for reasonably presuming that in a period of thirty or forty years to come, its benefits would commence and continue, to the unspeakable advantage of the empire, because the amount to be hereafter annually reduced, would flow into other channels, and thus in a double ratio augment the resources, grandeur, and security of the State.

There is another point of great importance connected with the subject, as deserving the most serious consideration. It is obvious, that the system of contracting loans, whereby the national burthens are continually augmented in perpetuity, must at some time or other come to a termination. I very much question whether the tether is not now stretched to the utmost, and whether, ere long, men's minds will not altogether revolt from the system. Bring the injustice of the debt home to the judgment, and disregard just representations but a little while, and possibly this giant incumbrance may have an abrupt instead of a gradual extinction. Hence the necessity in a prudential point of view, of considering the subject, and preparing for a friendly revision. The rotten borough system was not so universal, so grinding, or so unjust an oppression as this ; but when Gatton was sought to be defended from a purifying touch, the whole fabric was shaken to the dust. Let the past be a warning for the future.

Even in these doubtful days of peace, when most men's minds revolt from the horrors of war, what is our financial position ? Is it not with the greatest difficulty that the income and expenditure can be made to tally, and that only by an odious and unjust Income Tax ? How then would it be, were this country to be again drawn into the struggles and conflicts of continental politics ? Is another seventeen hundred millions, with all its pernicious and demoralizing accompaniments, to be charged upon the industry of the nation ? or

how would the crisis be met? In the present convulsed condition of the Continental States there is no guarantee against an almost universal uprising of the people at a moment's notice. Undoubtedly great emergencies may arise, under which vast additional loans may be imperative; leading, however, to more taxation, than future generations can or will bear. In such event, who can calculate consequences? nevertheless, it is the duty of statesmen to legislate for posterity, though not for posterity only.

There are, undoubtedly, two reasons of grave importance to be taken into consideration, in connexion with any proposal for the positive extinction of the Debt, namely,

That a compulsory conversion might not be altogether just; and

That the public Stocks, especially Consols, have been so long recognized by, and connected with, the legal system of the country, as regards Trust Estates, and Investments of Chancery and other Funds, that their extinction would engender vast confusion; but I am persuaded that neither of these difficulties would practically occur, were the Debt gradually extinguished in the mode suggested. For, in the first case, the Sale would not be compulsory; and when the owner did feel inclined to sell his Stock, he would do so in open market, and obtain the market price: and it is clear that directly he parted with it he could have no interest in its future position; while in trust cases, it would remain in precisely the same position until sold in open market, either under the direction of the Court, or in fulfilment of the Trusts upon which it might be held.

And now two grave points suggest themselves for consideration:

Is the National Debt ever to be extinguished? and, if so,

Has the period for agitating its extinction arrived?

As regards the first question, the People must think and act for themselves; as respects the second, let us in conclusion, survey the aspect of the times.

As far as can be judged from external appearances the Whigs, in resuming power, have returned to the errors of their way—feeble, vacillating, and short sighted, they have relapsed into their old system of disturbing without improving: and while, on the one hand, they are impelled forward by bolder spirits than their own,

they are faintly toying with opponents, whose alliance will realize the union of the lame and the blind, to the destruction of both.

With a failing finance do they enunciate any bold proposal to make the national expenditure tally with its income? No; but in lieu, they inundated us with vague fears of invasion; and taxes, and rumours of additional taxes, have come looming upon us through mysterious channels, evidently for the purpose of preparing the public mind for great additional burthens. And this being so, would it not be well for the people to now make a stand, and demand a revision of the whole Fiscal system of the Empire? Would not such a demand be perfectly legitimate? and could any government, even in States where public opinion is far more disregarded than in this country, refuse in times like these to listen to the voice of reason? Let then the subject of the gradual and equitable extinction of the National Debt be urged throughout the Kingdom. And if that course be found unavailing, then let a National League be formed, and no doubt its career will be like that of its predecessor, stirring, struggling, and victorious; but leading to incomparably vaster results, by gradually removing that deadly weight which now presses, though in different degrees, upon nearly every class of society, namely, **THE UNJUST NATIONAL DEBT.**

POSTSCRIPT.—These observations were in the press at the time when the important intelligence of the French Revolution arrived: none of their force is lost by this grave occurrence. Neither is their urgency lessened by the short-sighted proceedings of our Whig Administration, whose cool attempt to fix another enormous permanent burden on the already overtaxed resources of the people, in the shape of an additional Income Tax, has probably been the last ounce upon public patience; for already has an universal and indignant voice compelled them to renounce this odious project. But will the roused spirit of the Nation rest here? Probably not; and already there are symptoms abroad, which, if carefully fostered, will inevitably lead to an examination into the present principles of taxation. If this one onward step take place honestly, there is yet hope for the country; as no doubt a stream of consequences, too mighty to be withstood, would flow forth. Thrice has a powerful monarchy been swept away from France; and in each case because it lost sight of what was due to Justice, morality, and the legitimate rights of the people; but disordered Finances and over taxation were the first steps towards those changes. Let then the Whigs beware; as yet their position is a bed of roses, compared with the consequences of either blind obstinacy, or dishonest incapability.

SECOND POSTSCRIPT.—Vienna! Berlin!! Poland!!! Europe!!!! Significant words! Will their tremendous import be wisely improved, or heedlessly neglected? Will French Rentes be in existence six months hence? If *they* be prostrated, will the other Continental Debts remain intact? Certainly not. And if such be the case, will Great Britain remain contented with *her* Giant Incumbrance unmodified?